



House of Representatives

File No. 994

General Assembly

January Session, 2009

(Reprint of File No. 897)

House Bill No. 6432
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 21, 2009

AN ACT CONCERNING THE USE OF TRANSPORTATION-RELATED GENERAL OBLIGATION BOND FUNDS FOR DEBT SERVICE.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 3-21c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 Notwithstanding any general statute, public act or special act, upon
4 a determination by the Treasurer and approval by the State Bond
5 Commission that unexpended proceeds of transportation related
6 general obligation bonds of the state issued pursuant to section 3-20
7 and accounted for in a general obligation bond fund of the state
8 established by the Treasurer are no longer required for any of the
9 purposes or projects funded or remaining to be funded from amounts
10 in such bond fund, the Treasurer is authorized to transfer all or any
11 portion of said unexpended bond proceeds from such bond fund for
12 further credit to (1) the Special Transportation Fund of the state
13 established pursuant to section 13b-68, provided the debt service on
14 the bonds from which such unexpended proceeds were derived is
15 otherwise payable from the Special Transportation Fund as permitted

16 by section 13b-69, [and provided further] or (2) to the General Fund.
17 For transfers to either fund, the Treasurer shall determine that such
18 transfer shall not adversely affect the exclusion from gross income of
19 the interest on the bonds from which such unexpended proceeds are
20 derived, pursuant to Section 103 of the Internal Revenue Code of 1986
21 or any corresponding internal revenue code of the United States, as
22 from time to time amended.

This act shall take effect as follows and shall amend the following sections:

| | | |
|-----------|---------------------|-------|
| Section 1 | <i>from passage</i> | 3-21c |
|-----------|---------------------|-------|

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 09 | FY 10 | FY 11 |
|-----------------------|--------------|-----------|-----------|-------|
| Treasurer, Debt Serv. | GF - Savings | See Below | See Below | None |

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows unused bond proceeds from transportation-related General Obligation bonds to be used to pay General Fund debt service. Since State Bond Commission (SBC) approval is required to release the funds, the fiscal year in which the funds will be available depends on when the SBC meets¹.

Under current law, the approximately \$4.9 million in unused bond proceeds may be used to pay Special Transportation Fund (STF) debt service on transportation-related General Obligation bonds but only about \$1.7 million is needed for this purpose. Assuming that the \$1.7 million in STF debt service is paid from the unused bond proceeds, this bill will permit the remaining \$3.2 million to be used to pay General Fund debt service.

House "A" makes technical changes to the language that have no fiscal impact.

The Out Years

The bill has no ongoing fiscal impact.

¹ If the SBC meets in June 2009 then the funds would be available in FY 09. If the next meeting date for the SBC is after June, 2009, then the funds will be available in FY 10.

Sources: *Office of the State Treasurer*

OLR Bill Analysis**HB 6432 (as amended by House "A")******AN ACT CONCERNING THE USE OF TRANSPORTATION-RELATED GENERAL OBLIGATION BOND FUNDS FOR DEBT SERVICE.*****SUMMARY:**

This bill allows the state treasurer to transfer the unspent proceeds from transportation-related general obligation bonds to either the General Fund or the Special Transportation Fund, instead of just to the latter. As under current law, such a transfer can take place only if (1) the bond commission approves, (2) it will not harm the federal tax exemption for the bond interest, and (3) the debt service on the bonds is covered by the Special Transportation Fund.

*House Amendment "A" makes technical changes.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 55 Nay 0 (04/16/2009)